

ROYALTY AGREEMENT

BALLY MANUFACTURING CORPORATION, a Delaware corporation, with its principal office at 2640 West Belmont Avenue, Chicago, Illinois and NOLAN BUSHNELL of 1425 Blackstone Ave., San Jose, California

_____ hereby enter into an Agreement as follows:

Inasmuch as Bushnell is an engineer, knowledgeable in the amusement industry, he agrees that for a period of six months beginning July 1, 1972, he will devote his exclusive services to the designing of amusement games for Bally Manufacturing Corporation with the exception that:

Should any prototype game be rejected by Bally Manufacturing Corporation then, and in that event only Bushnell will be allowed to offer it in the same form exactly with no changes to Nutting & Associates for the purpose of sale and production.

Bushnell will staff his operation adequately to provide within the above six month period the following prototypes to Bally:

1. A video amusement game;
2. Preliminary design and mock-up for a four-player flipper type pinball machine.

In consideration of the above, Bally Manufacturing Corporation will provide during the six month period of the royalty agreement, the following:

1. As an advance against royalties, the sum of \$4,000 per month for six months beginning with July, 1972;
2. On each game accepted by Bally from Bushnell, a 3% royalty on our selling price of the game;

and NOLAN BUSHNELL of 1425 Blackstone Ave., San Jose, California

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Date: 6/25/74
Reporter: [Signature]

3. Additionally, Bushnell may invoice Bally, periodically, for other expense not covered by retainer as agreed between the parties.
4. For each six month period this Agreement is in effect, Bushnell may purchase any fifty (50) games for his own arcade operation.

This royalty agreement is renewable at the consent of the parties.

Done in the City of Chicago on this 26th day of June, 1972.

BALLY MANUFACTURING CORPORATION

By *Robert A. Burt*
Executive Vice President

Attest:

W. H. [Signature]
Secretary

Nolan Bushnell
NOLAN BUSHNELL